

UNITED NATIONS

General Assembly
FORTY-FIFTH SESSION
Official Records

SECOND COMMITTEE
1st meeting
held on
Tuesday, 18 September 1990
at 5.10 p.m.
New York

SUMMARY RECORD OF THE 1st MEETING

Temporary Chairman: Mr. DE MARCO (President of the General Assembly)

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ELECTION OF THE CHAIRMAN

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Distr. GENERAL
A/C.2/45/SR.1
20 September 1990

ORIGINAL: ENGLISH

90-55945 2577S (E)

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The meeting was called to order at 5.10 p.m.

ELECTION OF THE CHAIRMAN

1. Mr. GHEZAL (Tunisia) nominated Mr. Papadatos (Greece).
2. In the absence of further nominations and in accordance with rule 103 of the rules of procedure, the TEMPORARY CHAIRMAN declared Mr. Papadatos (Greece) elected by acclamation.
3. Mr. Papadatos (Greece) was elected Chairman by acclamation.

The meeting rose at 5.15 p.m.

UNITED NATIONS

General Assembly
FORTY-FIFTH SESSION
Official Records

SECOND COMMITTEE
2nd meeting
held on
Monday, 8 October 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 2nd MEETING

Chairman: Mr. PAPADATOS (Greece)

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AFFAIRS

GENERAL DEBATE

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Distr. GENERAL
A/C.2/45/SR.2
19 October 1990
ENGLISH
ORIGINAL: FRENCH

90-56101 2702S (E)



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The meeting was called to order at 10.25 a.m.

STATEMENT BY THE CHAIRMAN

1. The CHAIRMAN shared some thoughts on the recent changes in the international political and economic situation and their importance for the United Nations and the Second Committee. As Jean Monnet had said, only through joint analysis of the issues would it be possible to forge a common course of action and provide a platform for negotiations. The message of the 1980s was that any oversimplification of economic issues must be avoided. The world was finally taking a more rational and more pragmatic approach to the overall framework of economic policies, having realized that a lack of budgetary and administrative discipline was to be feared no matter which group of countries was involved.
2. The events of 1989 in the countries of Central and Eastern Europe had brought about political realignments and transformed economic systems and social values. Democracy, the exercise of freedoms and respect for human rights were spreading. Those changes affected not only the East but also the South. As indicated in the report of the South Commission presented recently in New York, the future would depend on the interplay of many forces, not the least of which was South-South co-operation. The new decade should enable those countries to speed up their economic development as a result of such increased political interdependence and bold adjustment measures.
3. Unfortunately, economic changes had not been commensurate with the changes that had taken place in the areas of politics, ideology and approaches to development. According to IMF and World Bank forecasts, the developing countries' performance in the next five years would be comparable to that in the second half of the 1980s. In many of those countries, particularly the countries of sub-Saharan Africa, per capita income would decline significantly. Most Latin American and some Asian countries were likely to achieve only negligible progress. The economic situation of the developing countries therefore remained extremely precarious. The level of economic activity in Eastern Europe also remained low; output was likely to drop by 5 per cent in 1990 and economic imbalances had been the tangible effect of the new reforms in the first half of the current year. In short, the global economy could be said to be characterized by a very large measure of uncertainty.
4. In 1990, the United Nations had played a very vital role in co-operation as a result of the adoption of the Declaration of the eighteenth special session of the General Assembly devoted to international economic co-operation. That Declaration would be supplemented by the international development strategy for the fourth United Nations development decade, the text of which should be finalized shortly. The recent Second United Nations Conference on the Least Developed Countries, held in Paris, was also very important in that context.
5. As economic problems figured more and more prominently among the major concerns of the international community, the Organization would have to rise to new global challenges in the 1990s: poverty, famine, environmental deterioration and

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(The Chairman)

the growth prospects of developing countries. As a framework for the interaction of ideas and initiatives, the Second Committee had its own vital role to play in organizing exchanges of views and political debates. Where political will existed and targets were precise and realistic, the Committee could be an irreplaceable instrument of international co-operation, for it was often the initiator of important system-wide measures. It must also promote efforts to reach agreement on the measures to be taken to stimulate global development. At the current session, the Committee would have to adopt decisions which met the expectations of the international community; formulate new ideas and concrete proposals which responded adequately to the issues; support efforts for concerted action; and, through its debates, promote a better political understanding of economic problems.

STATEMENT BY THE DIRECTOR-GENERAL FOR DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

6. Mr. BLANCA (Director-General for Development and International Economic Co-operation) said that the current age was marked by unpredictability. Only two months earlier, the world had been celebrating the end of the cold war; the industrialized countries and certain parts of Asia had been set on a path of dynamic growth and there had been a glimmer of hope that the serious imbalances between North and South could be redressed.

7. In early August, however, the situation had suddenly changed. The events in the Gulf region had again raised the spectre of a global economic slowdown. In the market-economy countries, a resurgence of inflation was foreseen which would certainly lead to a rise in interest rates. For the oil-importing developing countries, the oil bill would increase by some \$20 to \$25 billion a year, a burden which, compounding that of indebtedness, would become intolerable. Even the modest growth projected in some of those countries might now be in jeopardy; their adjustment programmes were likely to be derailed and their debt packages were likely to become unravelled. Those problems had already been discussed at the meetings of the World Bank and IMF. The United Nations, for its part, must monitor the economic consequences of the situation closely.

8. As it was important not to impose an additional burden of adjustment on the oil-importing developing countries, additional financial aid must be furnished on favourable terms. The oil-exporting countries, whose revenues had soared as a result of the latest situation, and the industrialized countries too must help alleviate the financial burden bearing down on those countries.

9. Oil prices had been a factor in the escalation of tensions in the Middle East. Very serious attempts had been made in the past, particularly within the framework of the United Nations, to discuss the question of the stability of world energy markets, but the results had been insignificant and, in the 1980s, almost everything had been left to the operations of the oil market. The time had come to give serious thought to how the United Nations could help bring about a degree of co-operation between producer and consumer countries.

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(Mr. Blanca)

10. The current malaise, however, went beyond the energy issue alone. While, clearly, nothing justified the aggression committed against Kuwait, some thought must also be given to the overall context in which the recent events in the Middle East had taken place. As the Italian Minister for Foreign Affairs had said, the Gulf crisis had been a reminder of the extent to which the North-South issue remained fundamental to building a new international order. One of the main tasks of the Second Committee must therefore be to see how practical results could be achieved in North-South co-operation. The eighteenth special session of the General Assembly devoted to international economic co-operation and the World Summit for Children were all demonstrations of solidarity.

11. Aside from such declarations, however, the actions of Governments were simply too timid in addressing the problems of growth and development. The ink had hardly been dry on the Declaration of the eighteenth special session of the General Assembly than the Development Assistance Committee (DAC) countries of the Organization for Economic Co-operation and Development (OECD) had announced that aid in the previous year had fallen by 2 per cent in real terms. Such a discrepancy between declarations of intent and actual policy measures was deplorable. That lack of consistency extended also to the debt situation. On the one hand, satisfaction was being expressed at the progress made on the strengthened debt strategy, while on the other hand, the International Monetary Fund (IMF) was projecting that the total debt of developing countries would amount to \$1,354 billion by the end of 1991, an increase of 9 per cent. The proposals made recently with regard to the debt situation had yet to be implemented, owing perhaps to creditors' lack of real determination. He hoped that the drafting of the international development strategy for the fourth United Nations development decade, which was still in progress, would be completed soon. Unless the debt problem was decisively resolved in the next two or three years, any talk of development aspirations for the 1990s would be mere words.

12. For a large number of developing countries, the 1980s had been a decade of economic decline. That negative situation must be taken fully into account so that it could be rectified. It was in that spirit that the Second United Nations Conference on the Least Developed Countries had been held in Paris. UNCTAD had made an excellent contribution in every respect and the Programme of Action of the Conference seemed to be promising.

13. Other meetings which could have practical and constructive results would soon be forthcoming. The closing stage of the Uruguay Round would take place within a few weeks. It was important that its results should be positive; otherwise, developing countries would not be able to find their way out of debt. In 1991, UNCTAD would be holding its eighth session, which would be another important opportunity to strengthen co-operation for development. Similarly, preparations for the 1992 United Nations Conference on Environment and Development had made modest but significant progress.

(Mr. Blanca)

14. While there was cause for rejoicing over the spread of freedom and democracy throughout the world, it should not be forgotten that living conditions in many developing countries were showing no signs of improvement, and that the imbalance between the North and the South had become more pronounced during the 1980s. At its current session, therefore, the General Assembly should create the conditions for change towards a greater balance between countries and between individuals.

15. In the midst of such serious difficulties, the United Nations increasingly stood out as a reliable mechanism for avoiding confrontation and preserving peace and security. In peace-keeping, the best cure was prevention, and that required greater economic and social justice. The organizations of the United Nations system should take a neutral and impartial approach which imposed no conditions. While it was necessary to be exacting with regard to the functioning of the system, all Member States which were in a position to do so should contribute to strengthening the capacity of the United Nations for collective and concerted action in order to raise the campaign for development to a higher level.

ELECTION OF OFFICERS

16. The CHAIRMAN informed the Committee that Mr. Amaziane (Morocco) and Mr. Gianelli (Uruguay) had been nominated for the office of Vice-Chairman and that Mr. Rysinski (Poland) had been nominated for the office of Rapporteur.

17. Mr. Amaziane (Morocco) and Mr. Gianelli (Uruguay) were elected Vice-Chairmen by acclamation.

18. Mr. Rysinski (Poland) was elected Rapporteur by acclamation.

ORGANIZATION OF WORK (A/45/250 and Add.1, A/45/251 and Add.1, A/C.2/45/1, A/C.2/45/L.1, L.1/Add.1 and Corr.1)

19. The CHAIRMAN drew the Committee's attention to a letter dated 21 September 1990 from the President of the General Assembly addressed to the Chairman of the Second Committee concerning the allocation of items to the Committee (A/C.2/45/1). He also drew attention to document A/C.2/45/L.1, which contained the programme of work for the Committee drawn up by the Secretariat, and document A/C.2/45/L.1/Add.1 and Corr.1, which contained a list of the documents before the Committee. Owing to the delay in the scheduling of the current meeting, a draft revision of the programme of work had also been distributed by the Secretariat.

20. He recalled the action which the General Assembly had taken on the basis of the recommendations contained in the first report of the General Committee (A/45/250) relating to the organization of the work of the Assembly and its Main Committees. That action concerned the waiving of the quorum required for the start of meetings, punctuality, time-limits on explanations of vote, the exercise by delegations of their right of reply, the practice of not reproducing statements

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(The Chairman)

in extenso and the procedures to be followed by Main Committees with regard to the submission of draft resolutions with financial implications and voting on those resolutions. He also drew attention to regulation 4.9 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

21. He urged the Committee to keep the number of draft proposals under each item to a minimum and to adopt a single draft resolution or decision on each specific issue before it. All draft resolutions should be concise and should concentrate on policy recommendations addressed to Member States and United Nations bodies. Delegations should not feel obliged to present a draft resolution on a subject simply because a report had been submitted, or because a draft proposal on the subject had been adopted in the past; the Committee should merely take note of reports not requiring a decision by the General Assembly. Furthermore, resolutions requesting the discussion of an issue at a subsequent session should not call for the inclusion of a separate new item; rather, a discussion should be held in the context of the item under which the resolution had been adopted. He urged that requests for reports to be submitted to the Committee should conform to the Committee's biennial programme of work, except where the urgency of the subject-matter required otherwise, and drew attention to paragraph 21 of document A/45/250 on limiting the number of reports requested of the Secretary-General and reducing the number of resolutions adopted by the General Assembly.

22. He suggested also that the Committee should continue its practice of limiting statements on the various items on its agenda to 10 minutes and statements during the general debate to 15 minutes.

23. It was so decided.

24. The Committee should bear in mind the importance of adhering to the deadlines established for the submission of draft proposals, in order to complete its work on time. As the Main Committees were allocated an average of seven meetings a week, it was essential, in order for the Committee to adhere to its programme of work, that delegations wishing to address the Committee take full advantage of the time available, rather than registering to speak on the last day of discussion of a given item.

25. Mr. NAVAJAS-MOGRO (Bolivia), speaking on behalf of the Group of 77, requested that the two days of debate which had been eliminated from the original programme of work be reinstated, and expressed regret that the Group had not been consulted on the organization of work. Taking into account the revised programme of work which had just been distributed, he asked that sufficient flexibility should be retained with regard to the programme of work and that a day should be added to the Committee's debates, which would then conclude on Friday rather than Thursday of the week of 4 December 1990. One day, as initially scheduled, rather than a half-day as envisaged in the revised programme, should be devoted to agenda item 148 (Implementation of the commitments and policies for international development co-operation agreed upon in the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development

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(Mr. Navajas-Mogro, Bolivia)

of the Developing Countries). It was possible that the Committee might need more time for the general debate, since it would be considering not only new aspects but also traditional aspects in a new light. In view of the eloquent statement made by the Director-General concerning co-operation and the need to ensure that the Assembly's resolutions did not remain a dead letter, the time allocated to the debate on agenda item 84 (Operational activities for development) would have to be increased.

26. The CHAIRMAN said that everybody would be able to speak, and the deadline for the completion of work would be somewhat flexible. The programme of work took account of the amount of time spent on each major item in the past, but deadlines could be changed if necessary. He would appreciate the Committee's co-operation, in view of the difficulties involved in meetings scheduling. The need to schedule an additional meeting for consideration of item 148 would depend on the number of speakers. He would do his best to set aside more time for the general debate if necessary. If appropriate, one or two additional meetings could be scheduled for consideration of item 84 (Operational activities for development).

27. Mr. STOBY (Secretary of the Committee), referring to item 148, said that a meeting was scheduled for the morning of 11 October. However, the Committee could consider that item at two meetings on 11 October if it deferred consideration of agenda items 86 and 87 to Friday, 12 October.

28. Mr. MOZUKHOV (Byelorussian Soviet Socialist Republic) said that in the course of the informal consultations held on 25 September it had been suggested that the date for consideration of item 12 (1) (International co-operation to address and mitigate the consequences of the accident at the Chernobyl nuclear power plant) should perhaps be changed, since the Secretary-General's report had not been ready. He wished to have further information on consideration of that item.

29. Mr. STOBY (Secretary of the Committee) said that the Committee was scheduled to take up consideration of agenda item 12 (1) on 18 October. Since the Secretary-General's report would probably not be ready by then, the Committee would have to consider discussing the item at a later stage, perhaps at the end of the first week of November if the report was ready. One meeting would be scheduled for consideration of the item.

30. The CHAIRMAN said that Mauritania had also raised a point in the course of the informal consultations.

31. Mr. STOBY (Secretary of the Committee) said that the representative of Mauritania had requested that item 79 (c) (Review and appraisal of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries) should if possible be considered in the plenary meeting in accordance with past practice. The Chairman could, if the Committee wished him to do so, write a letter to the President of the General Assembly putting forward that proposal, which the General Assembly would be able to accept without any difficulty.

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32. Mr. WOLFF (Colombia) said that he was not satisfied with the amount of time set aside for consideration of some important items. For example, consideration of the issue of operational activities must not be glossed over; he hoped that the Chairman would take account of the need for complete transparency in the relevant discussions. The Group of 77 had proposed that the debate should be extended to Friday, 7 December, and not just to 5 December. With regard to the state of preparation of documentation, it was most regrettable that documents were not available on time. It should be standard Committee procedure to schedule at least a week for consideration of relevant documents.

33. The CHAIRMAN said that he would do everything in his power to ensure that the debates were as transparent as possible. Since 4 December was a Tuesday and not a Thursday, it would be possible to extend the debate. With regard to documentation, there were sometimes technical difficulties; however, there were sometimes other types of difficulties, which were difficult to predict at the current stage. Should the latter type of difficulty arise, the Committee secretariat would contact the relevant departments if clarifications were needed. He recalled that the Group of 77 had requested the Committee to set aside additional time for the consideration of items 84 and 148, and the secretariat had suggested scheduling an additional meeting for the consideration of item 148, which was probably acceptable.

34. Mr. TURIANSKIY (Ukrainian Soviet Socialist Republic), referring to item 12 (1), said that a United Nations mission had visited the area affected by the Chernobyl disaster to gather information for the preparation of a report by the Secretary-General. The leader of the mission had indicated that the report should be ready in mid-November, which meant that item 12 (1) could be considered at that point.

STATEMENT BY THE UNDER-SECRETARY-GENERAL FOR INTERNATIONAL ECONOMIC AND SOCIAL AFFAIRS

35. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) recalled the major events that had changed the political and economic scene over the past year. Through all those changes ran an underlying common thread: a system that did not provide equality of opportunity and justice for all was inherently unstable.

36. In the economic arena, the agreement on an international development strategy for the 1990s was evidence of the international community's determination to meet the economic challenge of the new era. The declaration adopted by the World Summit for Children was another manifestation of the resolve to address problems that called for new solutions.

37. The Gulf crisis had created uncertainty and concern even in the short term. Whatever the scenario - for example, oil prices of \$30 to \$32 per barrel and no outbreak of hostilities - serious consequences were to be expected: overall growth in world output in 1990 was not expected to exceed 1 per cent, the lowest rate since 1982, and world trade might also slow down to 5 per cent annual growth (from almost 7 per cent in 1989).

(Mr. Ahmed)

38. Growth in the developed market economies was expected to be just 2 per cent in 1991, as against the earlier forecast of around 3 per cent, and unemployment would rise by 0.6 per cent and inflation by 1 per cent. Countries with developed market economies were in general better prepared to absorb the shock of the higher cost of oil than other groups of countries. They had improved the energy efficiency of their economies and had large strategic oil reserves, part of which should perhaps be released in order to stabilize the market.

39. The economies of Eastern Europe would be severely affected by the crisis. With the dismantling of the rouble régime, they would have to pay for their oil supplies in hard currency. The trade balance of Eastern Europe, excluding the Soviet Union, was expected to worsen by \$3 billion in 1990 and by \$9 billion in 1991. The Soviet Union, on the other hand, would improve its trade balance by \$10 billion in 1990 and by \$27 billion in 1991. Those countries as a group were expected to experience a 5 per cent decline in output in 1990 and stagnation in 1991.

40. Growth in developing countries might not exceed 2 per cent in 1990, improving somewhat to 3.8 per cent in 1991. In Latin America, output might decline by 1 per cent in 1990, resulting in a decline in income per head. Contrary to earlier expectations, in West Asia output was unlikely to increase in 1990, with only marginal growth of around 2 per cent in 1991. The slow-down in South and East Asia was likely to be less pronounced, and the region might be able to achieve around 5 per cent growth in 1990 and 1991. In Africa, average growth was expected to improve marginally to 3 per cent in 1990 but was likely to fall back to 2.5 per cent in 1991. It was difficult to assess the net effect of higher oil prices on the growth of the region as a whole, which comprised both oil-exporting and oil-importing countries. In any case, incomes per capita would continue to fall in Africa.

41. While the energy-exporting countries would improve their external balance by \$53 billion and \$133 billion in 1990 and 1991, respectively, the trade balance of the energy-importing developing countries would worsen by around \$17 billion in 1990 and by \$42 billion in 1991. That new oil-price shock would have serious repercussions on the economies of most energy-importing developing countries. For the majority of those countries, the capacity to absorb an oil-price increase without significantly compressing imports and output was virtually non-existent. The majority were confronted with serious external debt problems and extremely low reserves. Moreover, if the world economy slowed down further, those countries' exports would be affected. Higher interest rates would aggravate the difficulties of the heavily-indebted, energy-importing countries, and the impact in terms of poverty, hunger and malnutrition would be devastating, particularly in the least-developed countries.

42. The crisis in the Gulf had also displaced large numbers of foreign workers, and their countries of origin now had the task of reabsorbing them. Furthermore,

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(Mr. Ahmed)

trade flows had been disrupted, and the countries of the region, a number of other Asian and African countries and the major trading partners of Iraq and Kuwait had been directly hit by the loss of remittances and export earnings.

43. There was an urgent need for immediate international action. As a first step, provision should be made for the needs of the innocent victims of the conflict, in particular foreign workers and their families, and consideration should be given to establishing mechanisms for compensating those victims for their losses. Secondly, an international programme of financial assistance and debt-relief measures should be devised for the countries most seriously affected by the crisis. The initial steps announced by a number of Governments, as well as by the World Bank and the International Monetary Fund, were welcome, but the fear was that they might prove insufficient. Serious consideration should be given to setting up appropriate facilities in the World Bank and IMF for enabling the most seriously affected countries to obtain aid on highly concessional terms and taking into account the serious plight of those countries. Some rethinking would also be necessary to incorporate greater flexibility into the adjustment programmes in many countries to take into account their additional burdens.

44. The Gulf crisis would only aggravate many of the fundamental long-term issues facing the international economy, beginning with the problem of indebtedness; it should be borne in mind that since 1983, the developing countries had experienced a net transfer of over \$200 billion abroad yet their total debt burden continued to grow, and might reach \$1.2 trillion in 1990. The measures taken to date had not produced any significant reduction of debt. The international financial system continued to be seriously affected by the instability of exchange rates and commodity prices and the working of the trading system continued to give rise to serious concern following the Uruguay Round. The erosion of multilateralism threatened to undermine the whole GATT régime. Finally, the great instability of energy markets had discouraged all long-term investment in the area of energy.

45. One salutary effect of the Gulf crisis was a growing willingness to address the longstanding problems in the world economy. First and foremost, the international community must show a clear commitment to multilateralism and global economic management to promote conditions of stability and growth. That would imply a greater recourse to the United Nations and, in particular, to the Economic and Social Council, to address the issues of macroeconomic policy co-ordination, underdevelopment, poverty and the environment. That would call for a multilateral and open-trading system that ensured the full participation of all countries in an equal and non-discriminatory manner in world trade. Effective institutional arrangements were needed to arrest the dangerous trend towards fragmentation of the system into trading blocs.

46. In the financial and monetary field, the problem of external debt must be settled once and for all. The solutions applied should be on a scale sufficient to enable the indebted countries to grow once again. For the least developed

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(Mr. Ahmed)

countries, full debt-relief measures agreed upon at the Paris Conference should be applied. On their part, the indebted countries must sustain their policies for economic reform.

47. A concerted effort would also be required to stabilize exchange rates and to move towards greater international control over the creation and distribution of liquidity to meet the needs of a growing world economy. International monitoring and surveillance mechanisms would need to be strengthened and applied in a more balanced manner so as to avoid distortions in the allocation of the world's capital resources. In that regard, the intermediation capacity of development finance institutions such as the World Bank and regional development banks should be augmented substantially.

48. Concomitantly, the developing countries would need to create stable and favourable conditions conducive to the flow and investment of capital. The development of their financial sector and mobilization of domestic savings would be equally necessary to revive growth in their economies. The Department of International Economic and Social Affairs was carrying out a programme in co-operation with savings and finance institutions in various countries in order to promote those objectives.

49. The Gulf crisis had dramatized the importance of energy in the modern world. Despite the adverse consequences of previous crises, little progress had been made in promoting international co-operation in that field. The collapse of oil prices in 1986 had dampened investments in the exploration and development of energy resources. It was time for the international community to take cognizance of the full costs of neglecting that crucial area and to lay down the basis for long-term management and development of energy resources in the interest of all countries.

50. The report of the Secretary-General on energy exploration and development trends in developing countries (A/45/274-E/1990/73) outlined a programme of action in that field. Serious consideration should be given to establishing a mechanism for financing oil and gas exploration and development that could mobilize both public and private resources for that purpose.

51. The negative trends in the flow of official development assistance were also a matter of grave concern. Official flows were critical for the least developed and other low-income countries, and the commitments undertaken at the recently concluded Paris Conference should be carried out promptly. In the present-day world, the destiny and well-being of every nation, no matter how rich and powerful, was inexorably linked to that of the others. Hence, the war against poverty must be fought on all fronts. The interim report on the subject (A/45/398) submitted to the Committee reviewed the work of the United Nations system in that area, and pointed out that poverty could not be eradicated in an environment of economic stagnation, nor could it be addressed merely by allocating more resources. Governments must devise policies designed to develop the full human potential of

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(Mr. Ahmed)

their societies and to encourage initiative and entrepreneurial skills so as to generate new impulses for self-sustained growth in the economy. The Committee had before it the reports of the Secretary-General on human resource development (A/45/451) and on the role of national entrepreneurs in economic development (A/45/292).

52. The problem of poverty was intimately linked with population growth and the degradation of the environment. While a number of developing countries had already slowed down their population growth, population in the poorest countries, particularly in Africa, was still growing rapidly. In recent years, a number of other demographic issues, including the question of aging and the role of women, had come to acquire great urgency.

53. Environmental protection and its relationship to development had become an issue of fundamental importance. All economic and social policies must henceforth include an environmental component. The two areas needed to be reconciled to ensure sustainable patterns of growth. International co-operation was also essential in that field. Developing countries had suffered many ecological disasters. To those countries, development appeared to be the only solution and, for that, they needed additional resources and technology. An understanding of those concerns should provide a basis for the general debate at the United Nations Conference on Environment and Development, to be held in 1992.

54. At that crucial moment in the history of mankind, such were the major problems that the international community had to resolve.

GENERAL DEBATE

55. Mr. KUKLINSKI (Poland) said that nations were demonstrating once again that, despite their differences, they could achieve a unity of purpose and commitment. A consensus was gradually emerging with regard to economic and social development. Countries were proving their ability to revitalize economic exchanges on the basis of the rediscovered values of enterprise, productivity and responsibility.

56. For their part, the newly restored democracies of eastern and central Europe were helping to fortify the interdependence of nations. However, development was still impeded by the serious problems of poverty, hunger, external debt and environmental degradation, the elimination of which remained a challenge for humanity and for the United Nations.

57. In the view of the Polish delegation, five factors played a key role in the structure and functioning of the world economy: shifts in the distribution of the most dynamic regions; dependence on oil, an ongoing problem for all countries, including Poland, as demonstrated by recent events in the Persian Gulf; the external debt problem, which limited the development of the world economy; social adjustment to the structural changes brought about by the technological revolution

(Mr. Kuklinski, Poland)

in the developed countries - the question at hand was how to ensure socially sustainable development; and the progressive degradation of the environment. Most of those issues had already been considered by the General Assembly at its eighteenth special session, and by the Economic and Social Council. However, their integration into international co-operation called for a comprehensive and action-oriented analysis, so that the comparative advantages of current and prospective patterns could be identified with a view to facilitating readjustments.

58. The consolidation of pragmatic and constructive approaches to development co-operation and efforts to reach a consensus in that field, as seen at the recent Paris Conference, augured well for the success of such an analysis. When ideological and political differences faded away and the majority of States were united in the interest of peace, social and economic problems became even more salient.

59. In that context, the United Nations should endeavour to ensure that economic tensions between North and South did not lead to the re-establishment of a climate of political tension. The gravity of the external debt problem had spurred the international community to reconsider the need for a long-term economic and social policy. Such a policy should include assistance to the seriously indebted countries, in particular the middle-income countries. In order to restore equilibrium to their balance of payments, the external debt burden of those countries must be reduced. Poland's own experience suggested that, unless adjustment policies were supplemented by debt reduction, a country's economic policies and austerity measures could have only a limited impact.

60. Environmental protection represented one of the main aspects of most economic and social development programmes. It called for close collaboration among Governments, determined action on the part of international organizations and involvement of the public. The Conference on Environment and Development, which was scheduled for 1992, should provide an opportunity to reconcile the demands of environmental protection and economic growth, set up an overall institutional framework for environmental protection and, possibly, elaborate a charter of the ecological rights and duties of States. Poland was very much attracted to that idea and was ready to participate actively, since it considered environmental protection to be a priority issue and believed that international, and particularly regional, co-operation should yield tangible results.

61. Any policy would require discipline and efficiency. The organizational structure of the United Nations should accordingly be streamlined so as to heighten the impact of its regional activities, in particular through the regional commissions. The regional factor was playing an increasingly significant role in world economic relations. In fact, neither global nor national issues could be fully understood without examining their regional context. Poland attached great importance to co-operation in the European region and its entry into the European Economic Community remained a strategic objective. Being deeply rooted in the unity of European culture and civilization, Poland had suffered greatly from the

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(Mr. Kuklinski, Poland)

division of Europe; for that reason, the process of European unification was widely supported by the whole of Polish society.

62. The bankruptcy of socialism as a socio-political and economic entity and as a way of life had opened the way in central and eastern Europe for the establishment of a system based on parliamentary democracy, a market economy, environmental protection, and the creation of modern technological infrastructures. Compatibility among those four areas was a sine qua non for the unity of the European continent on the eve of the twenty-first century.

63. While rejoicing over the elimination of the iron curtains and the walls in Europe, Poland was at the same time aware that the cold war divisions could be replaced by a new economic division between rich and poor countries; that would threaten not only development but also the stability of the region. Joint efforts were therefore needed to avert such a threat.

64. Poland was having more difficulty with economic and social transformation than with political transformation, because the transition from a planned to a market economy was a complex task. In order to create a market economy, the State must develop a set of instruments to promote economic, social and financial policies. Implementation of the Balcerowicz Programme, inspired by the philosophy of the International Monetary Fund (IMF), was only the first stage in the introduction of a market economy in Poland. Yet, that new policy had already eliminated hyperinflation and shortages and had ensured a stable rate of exchange for the zloty. Several privatization and antitrust laws had been adopted. Nevertheless, owing to a drop in production and an increase in unemployment, as well as a greater decline in revenue than had been expected, the process of recovery had not yet begun. Privatization of industry was a formidable task, requiring substantial injections of foreign capital.

65. Another issue of importance was the behavioural patterns of society, which should be the main driving force in the development of new mechanisms for a market economy. The Polish nation must modify its behaviour and internalize the psychology of competitive societies which offered high rewards for individual efforts; it must adopt innovative approaches in all spheres and display entrepreneurship. Polish individuality must be freed from the pressures of collectivism; given a choice between social equality and efficiency, the choice must be efficiency, within, of course, the social framework accepted in practice by modern societies.

66. The Poland of the 1990s rejected the rigid and obsolete economic structure of socialism and its wasteful investment policies. The country was now undergoing an economic transformation that posed the biggest challenge in its history. It was in urgent need of support from the industrialized countries to create a market infrastructure and to harmonize its political, economic and social changes. After a painful transition, the countries of Eastern and Central Europe would experience economic recovery. In the long run, that would have a stabilizing effect on the

(Mr. Kuklinski, Poland)

world economy as a whole and hence on the economic development of the developing countries.

67. The world economy was in fact becoming an indivisible entity which could not prosper if any of its constituent parts was weak. He therefore proposed that a study should be undertaken within the framework of the Second and Third Committees, together with the Economic and Social Council and its subsidiary parties on the key development factors determining the future of the world economy. Such a study might produce a set of conclusions on new international mechanisms to avert the threats to development and make rational use of existing complementarities. The task might be entrusted to the Committee for Development Planning, with the results considered at a special high-level session of the Economic and Social Council; recommendations could then be submitted to the General Assembly.

68. He hoped that the proposal would be given due consideration and that it would encourage innovative thinking about ways of improving the human condition.

69. The CHAIRMAN said he had taken note of the Polish delegation's proposal, which would be duly taken into account.

70. Mr. NAVAJAS-MOGRO (Bolivia), speaking on behalf of the Group of 77, said that the economic and social situation in the developing countries had been worsening in 1989 and 1990; the Group of 77 had expressed its concern on a number of occasions, in particular in the declaration of the Ministers for Foreign Affairs adopted in New York on 3 October 1990.

71. That declaration stressed the need to implement immediately all the agreements reached on international economic co-operation at the eighteenth special session of the General Assembly and, in particular, to use the international development strategy for the fourth United Nations development decade as a means of overcoming once and for all the economic and social underdevelopment of the developing countries, eradicating poverty and hunger in those countries and enhancing the quality of human resources there.

72. The Group of 77 accepted that action must be taken primarily by the developing countries themselves. However, the contemporary world was growing increasingly interdependent, markets were becoming international and there could be no development without international co-operation. The international community must therefore make a determined effort to reverse the transfer of financial resources from the developing to the developed countries as rapidly as possible, while finding a lasting solution to the debt problem and putting a stop to the developed countries' discriminatory protectionist policies.

73. The Group of 77 therefore considered that urgent measures were needed to reduce the indebtedness of all debtor countries significantly and to ensure that the debt problem did not worsen or become more widespread. The Group appealed to the developed countries to increase their development aid and hoped that the

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Uruguay Round might offer an opportunity for establishing an open, dynamic and reliable multilateral trading system.

74. The resumption of economic growth in the developing countries depended on their level of industrialization; it was to be hoped that efforts would be made to provide those countries with financial resources and to open the developed countries' markets to their industrial exports.

75. The world economic situation in 1990 was different from the situation 10 years earlier. The profound changes and the process of integration unfolding in Eastern Europe threatened to exclude the developing countries even further in the financial, commercial and technological fields. The implications for the living standards of over 80 per cent of the world's population would be extremely serious.

76. It was more important than ever, therefore, to improve the developing countries' competitiveness and, to that end, to ensure the effective transfer of technology and set up joint research and development programmes that would give those countries access to new technologies.

77. The international community was becoming increasingly aware of the problems of environment and development. The developed countries, whose patterns of production and consumption had been a source of environmental deterioration, must help the developing countries solve those problems. The Group of 77 had often stressed the importance of international co-operation; he drew attention in that connection to General Assembly resolution 44/228, the implementation of which was crucial to the success of the United Nations Conference on Environment and Development.

78. Another problem which had assumed importance in recent years was the production and consumption of, and trafficking in, drugs and psychotropic substances. Consumer and producer countries alike bore responsibility in that area. Measures must be taken to reduce and eliminate demand in consumer countries and to set up crop-substitution programmes in producer countries.

79. With regard to energy, all means of averting the adverse consequences of oil-price fluctuations must be studied. Efforts must also be made to develop and utilize new and renewable sources of energy, in accordance with the principles of the Nairobi Programme of Action.

80. The Group of 77 would participate wholeheartedly in the Committee's discussions on those problems and in all efforts to solve them.

The meeting rose at 1 p.m.

UNITED NATIONS

General Assembly
FORTY-FIFTH SESSION
Official Records

SECOND COMMITTEE
3rd meeting
held on
Monday, 8 October 1990
at 3 p.m.
New York

SUMMARY RECORD OF THE 3rd MEETING

Chairman:

Mr. PAPADATOS

(Greece)

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GENERAL DEBATE (continued)

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The meeting was called to order at 3.10 p.m.

GENERAL DEBATE (continued)

1. Mr. TRAXLER (Italy), speaking on behalf of the European Community and its member States, said that the crisis in the Persian Gulf would have a major impact on the world economy and, in particular, on developing countries' prospects for development. The first countries to be affected had been those which were obliged to receive and care for refugees leaving Kuwait and Iraq. Other developing countries were experiencing economic difficulties as a result of their application of the sanctions imposed against Iraq. Ultimately, the developing world as a whole would suffer, since the slow-down in the world economy induced by the Gulf crisis was likely to affect the export earnings of many developing countries. The oil-importing developing countries would bear the brunt of the crisis as a result of rising energy costs and climbing interest rates. While some of the effects of the crisis could be offset by the measures which had been adopted or were being discussed in international financial institutions, both within the United Nations and bilaterally, the expected increase of resources available for development might be negatively affected.

2. Although the 1980s had been disappointing in many respects, that decade had not been marked by a reversal of the overall trend of progress made by developing countries over past decades. Between 1965 and 1985, per capita consumption had risen by almost 70 per cent and life expectancy, child survival and educational indicators had all improved markedly. Nevertheless, it was morally unacceptable that more than one billion people in the developing world should be struggling to survive on less than \$370 a year, the poverty-line indicator established by the World Bank. It was on the basis of those figures that the Twelve would continue to contribute substantial resources to development co-operation. Their solidarity with Eastern Europe would not result in any reduction of their support to developing countries. In fact, the changes in Eastern Europe were likely to improve the growth prospects of the world economy as a whole and should therefore also benefit developing countries. The European Community had increased its commitment to development co-operation by 46 per cent, and it and its members were also transferring significant amounts of resources to developing countries bilaterally and through multilateral channels.

3. The General Assembly at its forty-fifth session should try to build on the success of its special session on international economic co-operation. The consensus reached a few weeks ago in Paris at the Second United Nations Conference on the Least Developed Countries and the successful negotiations for an international development strategy for the 1990s should enable Member States to work together to transform the provisions of the Declaration of the special session into further action for development co-operation.

4. The European Community was firmly convinced that the market, despite its imperfections, remained an irreplaceable guide for economic activities. The more an economy was diversified and complex, the more indispensable it was to rely on the market in order to allocate resources efficiently. The interest of the

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consumer constituted the engine of European economies, and it was best served by markets which were as vast and as open as possible in order to ensure that comparative advantages were exploited fully. That implied open international trade and as much economic freedom as was compatible with some very basic common interests. In that regard, the Twelve hoped that the discussions in the Second Committee would help dispel residual misgivings concerning concepts such as respect for private initiative, encouragement of entrepreneurship, and economic freedom of the individual. The State should of course be involved in ensuring effective market competition, safeguarding the environment and ensuring that institutions and legislation were conducive to the smooth functioning of the economy and to the special protection of the weakest sections of society.

5. While the external economic environment had not always been favorable for developing countries, some developing countries had reacted better than others to that environment. Perhaps, in many cases, the source of those differences during the 1980s - which could produce even greater disparities between them in the 1990s - had been domestic political instability, regional and local conflicts, disproportionate military expenditure and the quality of countries' national economic policies. Courageous policies of structural adjustment had improved the situation in many developing countries, where sound fiscal and monetary policies, good governance and financial discipline had put in place the key elements of a new, solid development strategy which would permit them to resume growth or continue to grow. For those countries, the overall growth prospects for the next five years were better than for the previous five years.

6. The most precious resource of a nation, developing or developed, was the capacity of its people to conduct a productive life, to care for themselves and their families and to make use of scientific and technological progress to better their condition. In the past, the relationship between economic performance and development, on the one hand, and open and accountable government and human development, on the other, had not always been recognized. The Declaration of the special session of the General Assembly devoted to international economic co-operation, the Declaration of the Second United Nations Conference on the Least Developed Countries and the international development strategy for the 1990s recognized that relationship quite explicitly. That extremely positive development proved how widely the demand for pluralism and respect for human rights, democracy and freedom was spreading.

7. Human resources were important not only for long-term development, but also for short-term adjustment. Education, health and family planning promoted productive capacity and adaptability, and slowed population growth. Currently, over 100 million children were without basic schooling; two thirds of them were girls. The provision of basic education was one of the most important contributions which could be made to development.

8. In many developing countries, the population was expanding at a rate rarely seen in human history. Since 1965, the population of sub-Saharan Africa had doubled. Reduction of poverty and a substantial reduction of population growth went hand in hand and, unless they adopted effective population policies, most

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developing countries would not be able to raise the living standard of their peoples. In that respect, external assistance was not of much use.

9. Poverty alleviation was the central objective of all meaningful development co-operation. The distinction between programmes which were primarily aimed at the alleviation of poverty and those which primarily promoted economic growth was largely artificial. The developing countries which had been most successful in reducing poverty were also the ones which had grown faster; the developing countries which had placed less importance on efficiency and growth were now worse off and faced a more difficult task in fighting poverty.

10. There was a need to encourage patterns of growth which were best suited to help the poor take advantage of new income-earning opportunities. National policies must expand access of the poor to land, credit, productive inputs and education. They must promote the full integration of women in development and in the decision-making processes, and their full access of women to social services and education. In order to do all that, developing countries required external resources. However, no amount of external assistance could replace adequate national policies. The Twelve fully accepted their responsibility to provide an adequate level of development aid, and reaffirmed their commitment to the United Nations target for official development assistance (ODA) of 0.7 per cent of gross national product (GNP). They also reaffirmed their commitment to provide aid to the least developed countries in accordance with the targets agreed at the Second United Nations Conference on the Least Developed Countries. In doing so, the Twelve underscored that aid utilization had to be improved.

11. It appeared that, in the 1990s, trade would expand at a faster rate than in the past decade. The achievement of the European Community's single market would contribute to that expansion. Developing countries must be enabled to exploit their comparative advantages, and should endeavour to become progressively integrated in the world economy in accordance with their respective abilities and their obligations under the General Agreement on Tariffs and Trade (GATT). The particular problems of the least developed countries should be borne in mind.

12. The signs of a slow-down in world growth, together with the effects of the crisis in the Persian Gulf, made it all the more urgent that the Uruguay Round of multilateral trade negotiations should be concluded successfully. The Twelve hoped that the European Community's example with respect to a Generalized System of Preferences would soon be followed by other developed countries, as well as by the countries of Eastern Europe. Once trade relations between Eastern Europe and the rest of the world were expanded, developing countries should gain from the resulting world growth and from the improved international division of labour. However, the developing countries themselves would have to search actively for trade partners in the East in order to transform that trade potential into actual exports.

13. The Twelve recognized the very serious consequences of heavy indebtedness for the economic development of many developing countries. Larger and larger shares of

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those countries' export earnings were being devoted to debt service so that fewer resources remained available for domestic investments and for the imports needed to sustain growth. Without growth, the service of debt itself remained precarious, even in the presence of sound national adjustment programmes.

14. The European Community had a debt strategy which covered the various categories of debt, and it supported the enhanced Brady plan, which should be implemented at a faster pace and more widely. For official debt, important initiatives had been proposed by some States members of the European Community, and they should be fully explored. Several States members of the Community had already taken, or were planning to take, bilateral measures, especially in favour of the poorest countries; others had cancelled all the concessional official debt and, in some cases, significant amounts of other official debt. In 1990, Mexico, the Philippines, Costa Rica and Venezuela had signed important agreements with their commercial creditors. Such agreements demonstrated the viability of an officially supported, voluntary and market-based approach to debt and debt-service reduction.

15. The European Community was greatly encouraged to see how quickly environmental issues had taken the centre stage in international and multilateral diplomacy. By deciding to convene, in 1992, the United Nations Conference on Environment and Development, the Organization had begun to play a key role in that field. The Twelve were fully committed to the success of the Conference and would co-operate to the best of their ability with developing countries in preparing for it. At its first substantive session, as well as at its organizational session, the Preparatory Committee for the Conference had done a lot of good work and had given a clear indication of the magnitude of the task ahead. The European Community intended to provide its best expertise and to contribute its share of the funding for the Conference; it supported the conclusions of the Nairobi preparatory meeting, and urged the Secretariat to make every effort to ensure that the work commissioned was ready for the Geneva meetings in 1991.

16. Environment, population and development were inextricably linked. The fight against poverty must become part of the international community's commitment to sustainable development. Attention should also be paid to the interlinkage between trade and the environment. The Twelve urged that efforts to integrate environmental issues into all development programmes should be further strengthened, and agreed that poorer countries would need appropriate, additional financial resources to respond effectively to environmental problems, in particular global problems.

17. The Twelve welcomed the work being done on a proposed global environmental facility by the World Bank in conjunction with the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP). The first step was obviously to examine the technological needs of developing countries. The mechanism agreed in London, linked to the specific requirement of helping developing countries implement the Montreal Protocol on Substances that Deplete the Ozone Layer, was an important step forward. The Twelve accepted the special duties which their position as industrialized nations placed on their shoulders.

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18. Mr. PRONK (Netherlands) said it would be over-simplistic to approach the world of the 1990s from a North-South, East-West or national perspective. Old dividing lines were fading away, and the risks implicit in the policies of the past had become greater. The agenda which the international community must set for the new decade must result in fewer developing countries by the year 2000 and take innovative steps to revitalize economic growth and development.

19. The most significant development in international relations at the outset of the 1990s was the fundamental change in the nature of East-West relations. Given that the old East-West confrontation, which had coincided with the era of decolonization, had deeply affected the countries of the developing world, the new atmosphere would make a great difference to those countries. First of all, it would have political consequences: the development model based on totalitarian socialist systems had ceased to be a realistic option for the third world, as market forces and private initiative had come to be recognized as key elements of a viable socio-economic system. The recent events in Eastern Europe had also highlighted the mutually reinforcing relationship between political rights and social and economic rights. The exercise of political rights under a pluralist democracy would reduce economic inequality and social injustice. At the same time, sustainable, equitable development strengthened democracy.

20. The changes in East-West relations would also have international economic consequences, as the opening up of Eastern European markets diverted flows of capital, trade and technology. Eastern Europe was becoming a competitive source of certain labour-intensive products formerly exported by developing countries. The region's search for foreign investors would surely affect flows of development assistance, with adverse consequences for countries of the South. Yet if restructuring in Eastern Europe proceeded and economic growth accelerated, the region could become a significant partner in international trade and resume its role as a supplier of development assistance. Finally, new East-West relations would reduce conflicts between those blocs over their spheres of influence in the South, although the lack of outside involvement would, paradoxically, generate more instability there. At the same time, super-Power relations no longer paralysed multilateral efforts to contain conflicts, as was evidenced by the current crisis in the Gulf.

21. In the world of the 1990s, economic and financial relations and the environment in particular were global issues. Purely national approaches and instruments had become obsolete or even counterproductive, while increased globalization offered not only opportunities but also increased risks, notably in the case of financial markets. As a result not only of low commodity prices and high real interest rates, but also of a collapse of financial flows and supply-driven, rather than demand-driven, transnational market mechanisms, growth in the North was no longer an engine for growth in the South. To date, the effects of the globalization of economic relations had bypassed those segments of the world's population, in the North as well as the South, who lived below the poverty line. Any new international economic development policy must therefore address that issue.

(Mr. Pronk, Netherlands)

22. Given the general awareness that further environmental deterioration threatened mankind's survival, the 1990s would see immense changes in the international community's attitude towards the environment. That awareness must be translated into effective policies at both the national and international levels, based on the premise that sustainable development fulfilled the current generation's needs without detriment to future generations. The task at hand, which was formidable, involved more than merely repairing the environmental damage already done: unprecedented international co-operation would be required to minimize the use of scarce natural resources and halt the unbridled accumulation of waste and emission of gases into the atmosphere. The developed countries must support the developing countries' efforts in that area while pursuing policies that would reduce their own disproportionate consumption of natural resources. However, basic policy changes must also be accompanied by far-reaching changes in lifestyles and patterns of consumption, an area in which the North could learn much from traditional cultures surviving in the South.

23. The eradication of poverty should be given highest priority on the development agenda for the 1990s. An anti-poverty strategy must focus on more than just growth, redistribution of resources and structural adjustment. The human development approach evolved by UNDP and the World Bank's anti-poverty approach provided attractive models in that regard. Any new policy must both emphasize, inter alia, participation by the poor themselves in the development process and reflect long-term social conditionality rather than short-term economic conditionality. Concessional terms should be agreed jointly by donors and recipients, preferably within a multilateral framework. Agreement should also be reached on specific poverty criteria for aid programmes and projects in collaboration with the recipients. Finally, it should be noted that donor countries were growing less willing to provide assistance to countries where the eradication of poverty was not a priority, but high military expenditures, corruption and the misuse of public funds were everyday occurrences.

24. A new global development agenda for the 1990s should comprise 11 items. The first was the integration of environment and development. The second, labelled "East-West-North-South", would seek to integrate the countries of Eastern Europe in the international community in a way that would also strengthen the developing countries' position. The third item, on investment and trade, should go beyond the framework of the Uruguay Round of multilateral trade negotiations to consider new multilateral rules in various areas and, perhaps, a United Nations code of conduct for investment and technology flows. The fourth item would relate to energy, an area of particular urgency in view of the recent Gulf crisis. International migration should constitute another agenda item, with emphasis placed on policies to address the causes of and prevent that phenomenon. Demilitarization, too, should be considered: the 1990s offered an opportunity for converting military expenditures into programmes for economic and ecological security. The seventh agenda item would cover international co-operation to strengthen democracy. Under the eighth item, domestic policies, consensus should be reached on development policies that went beyond adjustment in the case of the developing countries and promoted a frugal and sustainable mode of economic growth in the industrialized

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countries while facilitating the developing countries' access to their industrial and agricultural markets. The ninth item would relate to human development and cover measures on behalf of children and women and measures to guarantee food security and combat AIDS and illicit drug trafficking. The tenth item would deal with the transfer of resources, with emphasis on reversing the negative flow from developing to developed countries. The final item would relate to reform within the United Nations through a strengthening and restructuring of the Organization's social and economic sectors. That reform might involve the creation of an international trade organization and improved procedures for consultation with the international private sector.

25. In conclusion, he proposed that the new international economic order called for in earlier decades should be replaced by a system of responsible global governance comprising an international public sector that would operate alongside the existing strong international private sector. Such a system would complement domestic development efforts throughout the world.

26. Mr. PIREK (Czechoslovakia) said that the sweeping changes which had taken place in political and public life in Eastern Europe had had a marked effect on international relations. Increased political pluralism and democracy were fostering pan-European economic co-operation and facilitating the search for a solution to global economic and environmental problems, but also posed a challenge to the international community and to the United Nations.

27. It was clear from the Economic and Social Council's second regular session of 1990 that the United Nations must respond in a meaningful way to the paradoxes created by current developments. For while they were the result of such positive factors as a recognition of the pre-eminence of human values or agreements to reduce military spending, they implied a need for economic stability, efficient conversion of military industries and effective and environmentally sound resource utilization. Active involvement on the part of United Nations bodies and agencies was required.

28. The United Nations needed to respond more effectively to all world economic problems, and his delegation endorsed the proposal to reorient and restructure the Organization's activities, particularly in the economic sphere. His delegation particularly wished to support those bodies and agencies of the system that promoted the principle of the universality of economic co-operation.

29. With regard to regional economic co-operation, his delegation believed that the States members of the Economic Commission for Europe should make a priority of adjusting their national economic policies to promote sustainable and non-inflationary growth throughout Europe. Furthermore, European countries should not regard the revitalization of economic growth and development in developing countries as being less relevant to their region. In that connection, he urged States to look beyond the political framework of the Declaration adopted at the eighteenth special session of the General Assembly and to take concrete steps to implement that text.

(Mr. Pirek, Czechoslovakia)

30. The international development strategy for the 1990s should seek to revitalize economic growth in the developing countries, a task which would require wide-ranging co-operation from the entire international community. A favourable international economic environment should be created to allow the developing countries to maintain the openness of their national economies as a prerequisite for sustainable development. External and internal factors of economic development should be complementary; in that connection, the results of the recent Second United Nations Conference on the Least Developed Countries were encouraging.

31. The debt crisis of the developing countries was of growing concern to the United Nations, because it threatened the stability of the world economy. At its eighteenth special session, the General Assembly had confirmed that a realistic approach was needed to solve that problem, involving the joint efforts of the entire international community and the implementation by developing countries of market-oriented mechanisms to increase the efficiency of their own economies.

32. In the past, Czechoslovakia's economic relations with developing countries had not been very effective. Administrative shortcomings and ideological postures had reduced the share of the developing countries in the total volume of Czechoslovakia's foreign trade, which had been confined to an increasingly narrow group of partners. Czechoslovakia's new foreign policy aimed for true partnership with all developing countries and attached increasing importance to external economic contacts with them. His country's efforts to be integrated into the Western European economic system would not reduce the importance of the developing countries in its foreign policy. Rather, Czechoslovakia hoped to develop progressive forms of co-operation, according greater significance to the private sector, and was considering new ways of assisting developing countries, such as increased participation in multilateral development assistance programmes.

33. Experience had convinced Czechoslovakia that the radical breakthrough in East-West relations would not impede the growth of economic relations with developing countries, but would in fact enhance their trade and investment opportunities. It supported the view of the European Community that the commitments of its member States to the developing countries would not be weakened by their support for reforms in central and eastern Europe.

34. The severity of the world's environmental problems lent great significance to the United Nations Conference on Environment and Development, at which the participating countries would be required to make specific commitments. The Conference could identify the current potential of the advanced countries and the specific requirements of the developing countries in the field of environmental protection. His country intended to adopt new legislation in order to repair damage done by previous economic policies.

35. Countries could only achieve true freedom within the community of nations if they espoused a new, higher principle of collective responsibility for world-wide economic development that would enhance the quality of life on all continents.

36. Mr. VAZQUEZ (Argentina) said that the radical changes in political and economic life had rendered it very difficult to make sound predictions for the future. The world economy was going through a period of profound restructuring, leading to greater interdependence of production, trade and finance and enhancing the influence of technological development on economic growth.

37. The shift of focus in economic life had resulted in the developing countries, and the gap between the developed and developing world had widened. While the world economy was growing, the developing world was becoming more impoverished and marginalized, with disturbing long-term consequences for the world as a whole.

38. The political trend towards the affirmation of human rights and pluralism over despotism had its economic corollary in the promotion of the market system over State interference and protectionism. Increased attention was also being given to the issues of environmental degradation and population movements, which had joined the still unresolved problems of access to technology in the developing world, external debt, protectionism and trade imbalances between the developed countries and the eradication of poverty in the developing countries.

39. Mindful of those concerns, Argentina was implementing domestic policy measures aimed at securing liberty and democracy and at revitalizing the economy. Reforms were planned, to remove ossified structures and permit the deregulation of the economy, so as to create a productive and internationally competitive system conducive to development. It was hoped thereby to overcome the country's fiscal deficit and to enable it to play its proper part in the world economy.

40. The Declaration adopted at the eighteenth special session of the General Assembly on international economic co-operation took into account the interdependence of such problems as external debt, international trade, technological and human development, the environment and population growth, and emphasized the importance of appropriate national policies. Argentina was accordingly implementing an ambitious programme of structural adjustment, comprising privatization programmes, tax forms, free market policies, the promotion of private initiative in investment and production and the elimination of privileges. Those efforts could only succeed, however, in the context of endeavours by the international community to solve the world's macro-economic problems. The policies currently under discussion by the seven major industrialized countries would directly influence the stability of the developing countries, and it was essential to consider the needs of those countries when seeking solutions to the economic problems of the developed world.

41. For example, consideration of measures to correct the trade deficit of the United States had been restricted to two alternatives: monetary and fiscal restriction measures in the country with the deficit or increased spending in the countries with the surplus, namely, Japan and Germany. The implementation of such measures would seriously endanger the savings potential of developing countries, whose interests had not been borne in mind. A third possibility would be to increase investment in those countries affected by the debt crisis, which were traditional clients for American exports. The consequent adjustment to the trade

(Mr. Vazquez, Argentina)

balance of the world's largest economy would not have the adverse effect of reducing savings rates on a world-wide scale.

42. The Declaration adopted at the eighteenth special session of the General Assembly (A/S-18/14), made general reference in paragraph 22 to that solution, but little progress had been made in the matter since the meeting of the major industrialized countries in July 1990.

43. Argentina hoped that the outcome of the Uruguay Round of multilateral trade negotiations would help revitalize the economies of many countries by liberalizing international trade, particularly in the field of agriculture. Unless Governments amended their domestic policies relating to protection for the agricultural sector, access to their markets and export subsidies, producers would suffer considerable losses, particularly in the developing countries. A major contribution to the eradication of hunger and malnutrition could be made by promoting food production in the developing countries themselves. The creation of economic blocs was only justifiable if the removal of internal barriers led to a net increase in international trade: the Uruguay Round had a crucial role to play in guiding such developments and its deliberations were doomed to failure if they did not include the agricultural sector.

44. The recent rise in oil prices occasioned by the Gulf crisis was likely to remain in force and would have a particularly severe impact on the developing countries. The United Nations Conference on Trade and Development (UNCTAD) and the World Bank had made a useful study of the problem, but had not given sufficiently close attention to the possible consequences of the contractual anti-inflationary policies applied by the major industrialized countries in response to those price rises. The resulting increases in interest rates and new restrictions on trade in goods produced by the developing countries would directly affect their capacity to meet international payment commitments by increasing their debt service payments and decreasing their export revenues.

45. Argentina appealed to the United Nations to help enhance multilateral economic co-operation by promoting the proper integration of the developing countries into the world economic system. The Organization had a key role to play in revitalizing growth and development, and could count on Argentina's full support.

46. Mr. MØLLER (Denmark), speaking on behalf of the Nordic countries, said that the end of the cold war and the demolition of walls between different economic and political systems had ushered in profound changes, promoting the spread of democracy, pluralism and human rights. The importance of realistic price mechanisms was now becoming apparent to more and more countries, with consequent changes to international co-operation in the economic and social fields.

47. The problems of poverty, hunger, unsustainable population trends and environmental degradation were increasing in severity, and the aggression by Iraq against Kuwait had drastically diminished prospects for the revitalization of economic growth, especially in the developing countries. Contrary to the

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(Mr. Møller, Denmark)

projections of the World Economic Survey 1990, real growth rates would decline and inflation and interest rates would rise. The increased oil prices would hit the countries in the developing world and in central and eastern Europe most severely.

48. The trend in the world economy towards global integration and mutual interdependence was incompatible with the increased marginalization of the poorest and least developed countries. It was essential to step up national, regional and global efforts to combat that marginalization.

49. The comprehensive economic adjustment and recovery programmes implemented by many developing countries had brought little improvement in their debt situation. While valuable measures had been agreed upon for severely indebted low-income countries, the debt burden continued to frustrate efforts towards long-term development.

50. Political and economic reforms in certain European and third world countries had given the peoples of those countries rising economic expectations and drastic improvements where needed in living conditions if achievements of those reforms were to be sustained. Only international economic co-operation could help solve that and other major problems, such as the eradication of hunger and poverty, development of human resources and achievement of sustained growth and development.

51. The enhanced role currently being played by the United Nations in maintaining international peace and security and deterring aggression should be extended to the field of international economic and social co-operation. Modest but important steps in that direction had been taken, such as the eighteenth special session of the General Assembly, and the momentum for a new "partnership in development" had been maintained at the meetings of the UNDP Governing Council and the Preparatory Committee for the 1992 United Nations Conference on Environment and Development, at the Second United Nations Conference on the Least Developed Countries and at the World Summit for Children.

52. However, it would be an exaggeration to claim that a breakthrough to a genuine "partnership in development" had been achieved. For that to happen, momentum had to be maintained and efforts redoubled, with even greater focus on the questions of most vital interest to the United Nations. Resources were limited and had to be deployed in the most efficient manner, and the Nordic countries felt that a restructuring of the work of the United Nations in the economic and social fields was long overdue.

53. In dealing with international economic co-operation in many of its important aspects, the General Assembly at its forty-fifth session had to build on the basic principles of the Declaration of the eighteenth special session, namely that each country was responsible for its own economic policies for development, and for the life and well-being of all its citizens, and that the developing countries must continue to work towards keeping control over inflationary tendencies, promoting domestic savings, achieving favourable conditions for domestic and foreign investment, modernizing their economies and increasing their international

(Mr. Møller, Denmark)

competitiveness; while at the same time the international community had a responsibility to give strong support to the efforts of the developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment.

54. The Nordic countries wished to emphasize the importance of the commitments entered into by the developed countries in the areas of official development assistance, increased assistance to the least developed countries, and help for the developing countries with environmental problems, as well as with regard to ensuring that support for Eastern European countries did not divert international development co-operation away from the developing countries.

55. The Nordic countries welcomed the international consensus that poverty reduction should be given the highest priority in international development co-operation, and believed that close co-ordination with the World Bank was essential in that respect.

56. The declaration from the special session had taken new steps towards recognizing the significance of human resources development. It was the strong conviction of the Nordic countries that the human dimension had to be placed high on the United Nations international development co-operation agenda. In that area, too, close co-ordination with the World Bank was necessary.

57. Human resources and institutional development policies started from national strategies in sectors such as education, population policy and the like, but of equal importance were cross-sectoral principles such as decentralization of authority, community participation and full involvement of all in decision-making processes. Efforts to ensure human resources development had to be based on the principles of democracy and pluralism, respect for human rights and fundamental freedoms, and equitable distribution of the benefits of development.

58. It was only by application of those principles that the full utilization of human resources could be secured, and creativity, initiative, market forces and entrepreneurship stimulated. The Nordic Ministers of Development Co-operation had expressed their determination to continue working to ensure that the questions of human rights and democracy were integrated into the efforts of the multilateral aid organizations, and to provide support for bilateral and multilateral efforts aimed at promoting human rights and the development of democracy.

59. Mr. MINET (International Labour Organisation) said that too often in the past, by ignoring the socio-economic dimension, the diplomacy of development had nullified a whole section of its potential. It was thus fortunate that all the parties involved in drawing up recent texts on international economic co-operation had been in agreement to emphasize the social dynamic of the development process. An example was the Declaration and the Programme of Action ratified by the recent Conference on the Least Developed Countries, in particular in the importance which it gave to democratic and fair participation of all in the process of development. That objective reflected two of the fundamental principles of the ILO, namely that

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(Mr. Minet, ILO)

freedom of expression was indispensable to steady progress and that the fight against poverty had to be pursued with indefatigable vigour. In turn, the Declaration adopted the previous spring by the General Assembly had said that "eradication of poverty and hunger, greater equity in income distribution and the development of human resources remained major challenges everywhere. Economic and social progress required that growth be broadly based, offering equal opportunities to all people, both women and men, to participate fully in economic, social and political activities."

60. The rediscovery of factors which had for too long been obscured was taking place also at the regional level. In Africa, for example, there was a common thread from the Khartoum Declaration of March 1988, through the charter for popular participation in development drawn up in Arusha in February, to the declaration the preceding July of the Heads of State and Government of the OAU on the political and economic situation in Africa.

61. It was essential that old development rhetoric should not simply be replaced by a new incantation listing the abstract virtues of democracy. What was shown by various reports on the topics of development and human resources was that the central goal of any national and international policy had to be the achievement of conditions which would lead to an improvement in human well-being. The Declaration adopted in May restated that very clearly in saying that "economic policies should have as their ultimate objective the betterment of the human condition and the enhancement of the contribution of all persons to development".

62. Unemployment and marginalization were a critical social problem in all countries. In the developing countries, underemployment was a greater problem than overt unemployment. An enormous parallel sector absorbed the workers who otherwise would have found no employment at all. The previous June, the International Labour Conference had held a detailed discussion of independent employment, and had agreed that independent employment could contribute to promoting employment, particularly in underdeveloped countries or regions, but that it should always be freely chosen, productive and in line with current social standards.

63. The slowing down of the economy, the effects of which would probably be exacerbated by the tragic events in the Gulf, was likely to jeopardize not only the social situation in the richer countries but also the process of international co-operation and development itself, in particular in the third world. That would be a serious blow to the battle against poverty. The ILO urged that the social consequences of the economic recovery measures to be taken should be examined very carefully. It should not be forgotten that the purpose of economic development was the well-being of mankind, and its "social aspect" should never be regarded as of any lesser importance.

64. Mr. OUALI (Burkina Faso) drew attention to the injustice underlying the analyses made of the economic and social situation of the developing countries: an unfair press campaign was under way, designed to obscure the true causes of that situation and blame it instead on inherent inability on the part of those countries'

(Mr. Ouali, Burkina Faso)

peoples and leaders, inefficiency in their systems of government, corruption among their elites, the absence of democracy and the subordinate role played by the private sector.

65. Burkina Faso had recognized its errors and shortcomings, and had taken draconian measures to develop an economic, political and social environment which would allow its people to advance. However, the real causes of underdevelopment were known to all - unfair trade terms, debt, negative flow of resources, and insufficient development finance.

66. The burden of debt had become unbearable for the developing countries, in particular the least developed countries. If they were not to be crushed by it, now might be the time to acknowledge that the debt had become difficult to reimburse.

67. The environmental situation, too, was deteriorating. The desert had encroached still further on to some of the country's already insufficient arable land, despite implementation of the national policy of combating bush fires, excessive woodcutting and straying livestock. The advancing desert had helped to impoverish yet further the countries of the Sahel which since 1973 had come together in the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS).

68. The Member States of CILSS had high hopes of the United Nations Conference on Environment and Development, to be held in 1992 in Brazil, which should seek solutions which would genuinely be capable of protecting the environment while allowing the developing countries to follow policies aimed at improving their peoples' living conditions.

69. The Gulf crisis had to be resolved urgently and peacefully. If it continued, its main consequence would be a considerable increase in the price of oil, which on top of existing problems would lead inevitably to a disaster for the developing countries, many of which were not oil producers.

70. The Governments of the developing countries had had high hopes of the Uruguay Round of negotiations, but as they came to an end it was clear that those countries, and in particular those in Africa, would gain very few advantages from them, as had already been the case with the Kennedy Round and the Tokyo Round which had preceded them.

71. There was a need for practical measures to deal with the situation of women, who were the creators of the greater part of the developing countries' riches and the guarantors of the future of generations to come. Burkina Faso had already implemented several of the provisions of the Nairobi Forward-looking Strategies for the Advancement of Women. Equal rights for men and women had been reaffirmed since 1983, and since 1984, literacy of women had become a major priority. In addition, two seminars had been organized in 1989, one on the training of women from rural areas in agricultural production techniques, and the other to examine strategies

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(Mr. Ouali, Burkina Faso)

for promoting women's economic activities. One of the concrete results of the latter had been the setting aside of a window within a commercial bank exclusively for projects initiated by women or concerning women. Subsequently, a fund would be set up to support women's economic activities. Much still remained to be done in order to achieve all the objectives, and one of the major obstacles was the financial one. To achieve its policy of integrating women into the development process, Burkina Faso needed help from the international community. The needs were great, but the millions of dollars required were insignificant by comparison with expenditures on armaments.

72. That the prosperity of some was the result of the exploitation of others was not a new idea. Burkina Faso was in favour of more democracy - although it must take different forms, since there were real differences between different human cultures - and of more respect for human rights, but at the same time it had to be realized that the man who was hungry could not be completely free. There would be no advantage if the progress of democracy went hand in hand with increasing impoverishment of the peoples of the developing countries, as was already the case in certain areas of the third world.

73. Current science and technology afforded the possibility of feeding, clothing and caring for all human beings. It was thus essential to stop debating and start attacking the real problems, with the objective of ending hunger, poverty and injustice. Despite the end of the cold war and the coming together of the two super-Powers, the end of the current millennium seemed likely to be accompanied by extreme disruption and extreme dangers.

74. The United Nations had to take up the challenge of development, and move from words to deeds. First, the debt of the least developed countries should be cancelled and that of the other developing countries reduced substantially. Secondly, fair and equitable rules should be applied in international commercial relationships. It should always be the producer, never the consumer, who fixed the price of products. Thirdly, the current transfer of resources should be reversed, and the resources intended to finance development should be significantly increased. Fourthly, genuine solidarity should be created in a world where everyone's destiny was linked. Any solutions to the problems of development would achieve nothing if the countries and peoples of the third world were kept out of the process. Development could become a reality by the turn of the century if it were accepted that development was first and foremost a cultural problem. Africa was not the continent without a future it had for some time been described as: rich in population, rich in ancient cultures, Africa was a continent with a future.

The meeting rose at 5.30 p.m.

UNITED NATIONS

General Assembly
FORTY-FIFTH SESSION
Official Records

SECOND COMMITTEE
4th meeting
held on
Tuesday, 9 October 1990
at 10 a.m.
New York

SUMMARY RECORD OF THE 4th MEETING

Chairman:

Mr. PAPADATOS

(Greece)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.15 a.m.

GENERAL DEBATE (continued)

1. Mr. LOOS (World Bank) said that the concept of development implied a choice of goals which, in turn, reflected a choice of values. Above all, it was about enabling all human beings to achieve well-being and to realize their full potential. It was thus necessary to combat poverty, hunger and ignorance.
2. Poverty, which currently afflicted one billion people, constituted a terrible waste of precious development resources, and any policy to promote growth must be complemented by redistribution programmes. That meant that one must not overlook the human dimension of development, starting with the well-being of children, who represented half the population of the least developed countries.
3. Population growth was a very serious problem and a threat to sustainable development. It was thus also necessary to ensure that women were integrated into development, for they made up a disproportionate number of the poor and their role in development was decisive, since they prepared children for life.
4. A direct attack must be launched on malnutrition, and measures taken to ensure food security. That was primarily a question of policy and commitment; unless children's needs were met, their productivity would remain low, further exacerbating the cycle of poverty. Education was the third strand that must not be overlooked in the fight against poverty. Moreover, environmental protection and development were closely linked, since poverty was a major cause of environmental degradation, and since, if sustainable development was to be achieved, resources must not be allowed to become depleted.
5. A solution to the problem of debt depended on the adoption by debtor countries of strong and effective structural adjustment programmes, adequate external financing by donors and the maintenance of a favourable external environment.
6. It was for the debtor countries themselves to face up to their responsibilities, by sustaining economic reforms and by not expecting the industrialized countries to raise them from poverty to prosperity. Those programmes would, of course, entail a reduction in living standards for the better-off segments of the population, but the results would make that sacrifice worth while.
7. The highly inflationary environment of the 1970s had been replaced in the 1980s by a deterioration in the terms of trade and by rising interest rates, complicated by macro-economic imbalances. It was those imbalances (whether their causes were external or internal) that the adjustment programmes must correct. Hence the concept, currently very widespread, of "structural adjustment lending" intended to support policies aimed at reducing external imbalances and encouraging the resumption of growth - sustained growth taking account of available resources and domestic demand, and also of price stability. Thus, in the short term, public

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(Mr. Loos, World Bank)

expenditure and budget deficits must be reduced in order to bring about an adjustment of domestic demand to the level of available resources; and, over the longer term, economic institutions and policies must be made more flexible so as to lead to sustainable growth. Other alternatives - such as increased external borrowing, tighter domestic economic controls, or policies based purely on reducing demand - were not viable.

8. For their own part, the donor countries must take care that their assistance was not squandered on luxuries or excessive military spending, and must ensure that their debtors attained self-sufficiency. It was also essential to permit the developing countries to promote their exports.

9. Those adjustment efforts were crucial for the poor, since it was they who were the most affected by inflation and extensive price controls. Moreover, by fostering growth, adjustment programmes generated productive employment and reduced distortions, most notably in agricultural producer prices. As for the transitional adverse effects of adjustment on the poor, they were explicitly considered in the World Bank's adjustment programmes, which included projects intended to facilitate access by the poor to basic services.

10. Development and adjustment were thus indissolubly linked, whether with regard to adjustment to the new economic realities, or to changes in technology, or other factors. The capacity to respond to changes was fundamental to a resumption of economic growth. Countries could not live beyond their means, with or without the help of the World Bank and IMF. If the Governments of developing countries had the courage to introduce deep-seated and sustained reforms in their macro-economic policies, the international community would be ready to respond with swift, generous and sustained financial support.

11. Mr. DJOGLAF (Algeria) said that the climate of ideological confrontation brought about by the bipolar management of world affairs and fossilized by years of cold war had yielded to détente, which had itself now been replaced by entente. However, that new world seemed to be being built without the knowledge or participation of those formerly excluded: the countries of the South which, once victims of the cold war, were also in danger of becoming the victims of the "war of bread" that the human race was waging against itself.

12. The prospects of a gradual reduction in the East-West conflict contrasted starkly with the continuing exacerbation of the North-South rift. The efforts of the countries of Central and Eastern Europe to become integrated into the world economy had recently led to concrete demonstrations of solidarity impressive in their proportions. Yet the very extent of that solidarity shed a singular light on the parallel and progressive disengagement of those same countries from the cause of development. For that disengagement was taking place at the very time when the industrialized countries were experiencing uninterrupted economic growth and while the countries of the South were undergoing an exceptionally protracted period of economic stagnation and recession. The positive results of the eighteenth special session of the General Assembly had still to be implemented.

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(Mr. Djoghlaïf, Algeria)

13. The economic reforms (often even more sweeping than those taking place in Central and Eastern Europe) that had courageously been introduced some considerable time previously by a number of so-called developing countries, particularly in Africa, were being undermined by an unfavourable economic climate, but also by the drying up of external sources of financing and the drain on financial resources brought about by the net negative transfer of resources from the poorest to the richest countries of the planet.

14. The United Nations Programme of Action for African Economic Recovery and Development, which was drawing to a close, had still not led to any tangible outcome. Furthermore, while only six months had been needed to set up the European Bank for Reconstruction and Development, more than 15 years of arduous negotiations had been necessary for the creation of a Common Fund for Commodities whose capital was a quarter the size of that of the new bank.

15. The special high-level meeting of the Economic and Social Council to be held at Geneva in 1991 in order to discuss the impact in all areas of the evolution in East-West relations on the countries of the third world was thus of particular significance. It should make possible the adoption of measures to ensure that the long-awaited collapse of the iron curtain was not accompanied by the perilous creation of a horizontal curtain screening the destitution of the overwhelming majority from the opulence of the few. It should also ensure that the Declaration resulting from the eighteenth special session did not remain a dead letter.

16. It was indeed discouraging to note that the undertaking given on that occasion to transfer additional financial resources to the countries of the South that were fighting environmental degradation had been called into question after only a few months.

17. Mr. VORONTSOV (Union of Soviet Socialist Republics) said that the forty-fifth session of the General Assembly was taking place at a time when the climate of political confrontation and cold war was giving way to a spirit of co-operation and understanding in the search for solutions to the burning global issues. That spirit of co-operation was essential if crises such as the current crisis in the Persian Gulf were to be avoided.

18. The new spirit of co-operation and solidarity which could be seen in the United Nations in the political sphere was also to be observed in the multilateral economic negotiations, as shown by the Declaration adopted at the eighteenth special session of the General Assembly. That Declaration should be followed up by the international development strategy for the fourth United Nations development decade, the text of which would shortly be adopted.

19. One of the major areas for co-operation was environmental protection. The United Nations Conference on Environment and Development, to be held in 1992, offered a unique opportunity for strengthening solidarity. The General Assembly should ensure the most favourable conditions for the Conference, preparations for which should, of course, facilitate the adoption of urgent and practical

(Mr. Vorontsov, USSR)

environmental protection measures, such as the establishment of a United Nations centre for emergency environmental assistance, as recently proposed to the United Nations.

20. The Soviet Union had been the witness to and the beneficiary of an unprecedented demonstration of the successful working of international co-operation in the United Nations system, immediately after the Chernobyl disaster and later with the adoption by the Economic and Social Council of resolution 1990/50, sponsored by 63 States, on the consequences of the disaster. Consideration of the Chernobyl issue at the current session should produce new agreements which would contribute to better co-ordination of efforts by Member States and international organizations in that field.

21. The dynamic processes of democratic reform in the Soviet Union and the countries of Eastern Europe had been duly appreciated at the eighteenth special session of the General Assembly, which had supported the integration of those countries into the world economy. Progress in that area depended primarily on the Eastern European countries themselves. Considerable progress had already been made in the USSR towards the decentralization and liberalization of foreign trade and the full integration of the country into the international division of labour and the world economic system. There could be no doubt that such participation would be instrumental in creating favourable conditions for the improvement of the world economy and the stabilization of world markets.

22. Since the preceding session of the General Assembly, the Soviet Union had been granted observer status with the General Agreement on Tariffs and Trade (GATT), had become a member of the European Bank for Reconstruction and Development, and had participated in the work of the forty-fifth joint session of the World Bank and the International Monetary Fund. It was ready to co-operate actively with those bodies and to respect their rules and practices.

23. With the end of the cold war, resources previously used for military purposes would be released for social and economic programmes. It should be noted that a reduction in military expenditure was also possible in the South. Because of its vast experience, the United Nations would be able to deal with the most dramatic challenges, as the focal point of international co-operation. That was true particularly of the external debt crisis, which had still not been settled: foreign debt continued to grow, as did the net transfer of financial resources from the developing countries. Vigorous efforts were needed under the auspices of the United Nations, and the Soviet Union was ready to participate in those efforts.

24. The events in the Gulf had shown how unstable and volatile the world economic situation could be. In a matter of weeks, the situation in many oil-importing developing countries had deteriorated sharply. Speaking recently before the General Assembly, the Minister for Foreign Affairs of the Soviet Union had stated that immediate action was required. While the recent decisions by the World Bank and the International Monetary Fund on urgent measures to support those countries which had suffered most were to be commended, further steps were needed to help

(Mr. Vorontsov, USSR)

them to calculate the potential implications of the crisis in order to adjust their economic policies. The Second Committee and the Economic and Social Council had the necessary means.

25. If the United Nations was to be as dynamic and effective in the economic sphere as it had recently become in the political field, it would have to improve the mechanisms for co-operation, in other words improve the quality of the work of the Second Committee, the Economic and Social Council and other intergovernmental bodies, so that they would be better able to resolve world economic problems and ensure co-ordination of the macro-economic policies of States, for the benefit of all.

26. Mr. WOLFF (Colombia) said that, after a decade of disappointment and recession, the developing countries hoped that the first half of the 1990s would see the revival of their dynamic for growth. Many of them had accepted the need for painful and sometimes traumatic domestic adjustment programmes, at the risk of toppling their own political stability and jeopardizing the very basis of their democracy. Unfortunately, while it was possible to abolish subsidies, increase prices for fuel and public services, raise exchange rates, open up markets, privatize the economy and increase taxes, it was not possible to change the psychological characteristics of the population from one day to the next and eliminate the many structural factors which accounted for a large number of the elements that made up underdevelopment. Unless more could be done for human beings in the fields of health, education and employment, there would be no escape from the vicious circle which paralysed development. Economic adjustment must therefore be accompanied by massive social development programmes under the impetus of Governments themselves and the international community. It would be simplistic to think that the adjustment programmes recommended by the international financial institutions were the real way to solve the problems of underdevelopment. If that were so, the task would be easy, and the results already apparent.

27. Until the debt crisis had been finally resolved, there could be no optimism about the prospect of a revival of growth and development. Notable efforts had been achieved, such as the Toronto programme and the Brady Plan, but there was still much to be done. The limitations of the strategy for resolving the debt crisis were well known: the strategy was based on voluntary action, local implementation and entirely inadequate resources. It was essential to seek new solutions, to have the courage to escape once and for all from the morass of external debt and stem the haemorrhage that was sapping the economies of the South. The reports of Mr. Bettino Craxi and the Secretary-General could give rise to a modest optimism, and the Secretariat must seize what might be the last opportunity to exert a decisive influence on the debt question.

28. Colombia was concerned at the way the Uruguay negotiations were proceeding and had doubts about their outcome. A process which was so complex and so important should not be allowed to collapse. The negotiations should not exclude agricultural produce and should not merely confirm advantages already gained by the developed countries.

(Mr. Wolff, Colombia)

29. The process of opening up and privatizing their economies that the developing countries had undertaken at great sacrifice should be based on the effective dismantling of the developed countries' protectionism. A good many developed countries maintained the system of quotas, countervailing duties and other mechanisms which limited the freedom of trade which they championed. Yet the current opening up of the economy involved enormous risks for employment and domestic production in the developing countries. The continued refusal of the developed countries to permit a real transfer of technology to the developing countries was contrary to the basic principles of international co-operation and at the same time openly discriminatory.

30. The sluggish flow of aid was also alarming. It was being exacerbated by the systematic failure of the authorities of some large countries to implement measures that had none the less been agreed upon. That had led to the application of new criteria for the allocation of financial aid, at the expense, unfortunately, of vulnerable groups of middle-income countries, a matter the Latin American countries and Colombia viewed with concern. They had no objection to increasing aid to the least developed countries, but thought that the prosperity of the developed ones should lead those countries to increase the amount of their aid to all developing countries instead of engaging in subterfuge by resorting to complicated allocation formulas.

31. The Declaration of the eighteenth special session of the General Assembly should open up a new dialogue between North and South. The Second Committee should consider and confirm the opportunities that were available. After long and complicated negotiations some degree of consensus had been reached regarding the new international development strategy. Some of the legitimate aspirations of the developing countries had not been explicitly reflected in the text; the latter was, nevertheless, a good catalogue of the goals to be pursued in the decade that lay ahead. The strategy had the virtue of clearly showing the close links that must be forged between economic development and the social aspects of development.

32. As a developing country Colombia had always tried to keep its external debt under control by maintaining a dynamic and stable economy. That gave it the necessary authority to stress that certain large developed countries had an obligation to pursue domestic policies designed to stabilize the international economy, and particularly interest rates and capital flows to and from the developing countries.

33. Mr. SILOVIC (Yugoslavia) said that, with the end of the cold war, the contours of a new international economic order were taking shape, giving cause for hope that the basic problems of mankind and its development would be solved. Hunger, poverty, the ever-widening gap between the developed and developing worlds, the degradation of the environment and population problems remained on the agenda.

34. In the past year, the international economic environment had not improved for the majority of developing countries. In both developed and developing countries growth had generally been slower than anticipated. External and fiscal imbalances

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(Mr. Silovic, Yugoslavia)

had continued to widen, preventing the developing countries from effecting necessary structural adjustments. The net outflow of financial resources had not been stemmed. The morally unacceptable practice of having the developing countries finance the growth of the developed countries was being maintained and no substantial progress had been made in resolving the external debt crisis, which remained the principal obstacle to growth. The Brady Plan had been only a partial success and affected only a few countries. Stability of the commodity market was not in sight. Protectionism continued to be on the rise everywhere despite the agreement on standstill and roll-back. The Uruguay Round of negotiations were encountering difficulties.

35. The Gulf crisis had further exacerbated the situation for most developing countries. The sharp increase in oil prices had already had negative repercussions on the world economy by feeding inflation and creating fear of a new recession. The energy-poor developing countries would be the most affected. In addition, those that co-operated with Iraq and Kuwait were already suffering the adverse effects of the crisis. In the case of his own country those effects came at a particularly sensitive period of structural transformations and reforms that might be seriously threatened if no possibility was found internationally to compensate for the enormous losses. The measures that were being taken to deal with the consequences of the crisis should be commensurate with the damage sustained and should be extended to all countries involved.

36. There were, however, certain favourable developments. The General Assembly's special session on international economic co-operation had been a turning-point in the history of economic co-operation. Yugoslavia also hoped that the international development strategy for the fourth United Nations development decade would be adopted by consensus. That would attest to the globalization of the economy and the need for dialogue. That dialogue had made it possible to resolve a number of regional crises and had facilitated various disarmament processes. It should therefore be extended to the economic field.

37. Yugoslavia was implementing a new, radical and comprehensive programme of economic reform based on the convertibility of its currency, liberalization of trade and prices, stimulation of market mechanisms and deregulation, in a word, the opening of the economy to outside competition. It had achieved a number of very encouraging results in a relatively short time. Hyperinflation had been cut to single digits, foreign currency reserves had increased and new laws on foreign investment had had a stimulating effect on capital flows into the country. Even so, success depended upon the determination and discipline with which that reform would be carried out; the external economic environment must not, however, be unfavourable.

38. Progress must therefore be made at the current session in implementing the commitments undertaken at the special session. A number of tasks still had to be carried out. Other measures must be taken to reduce the total debt and debt-service through innovative solutions. He hoped that the report of Mr. Bettino Craxi would make an important contribution to solving the problem.

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(Mr. Silovic, Yugoslavia)

Conditions conducive to a multilateral co-ordination of economic policies must then be established. Access to the developed countries' markets for the traditional exports of developing countries must be widened on the basis of a balanced, open and dynamic multilateral trade system. Mechanisms to facilitate the transfer of science and technology, particularly of environmentally sound technologies, must be established. Lastly, international co-operation in the protection of the environment must be strengthened, which meant that the concept of sustained development must be translated into reality.

39. Those issues were also being debated in other international forums. However, the United Nations had a unique role to play in resolving those central interrelated problems facing mankind. As the Secretary-General had pointed out, there was a close relationship between political and security issues and economic and social ones. That called for further strengthening of international mechanisms for international economic and social co-operation.

40. Mr. GOPALA MENON (Singapore) said that in one year the international political situation had greatly improved but that the same was not true for the economic situation. The United Nations still had 42 Member States in the category of the least developed countries. For them the 1980s had been a lost decade marked by falling per capita income, declining investments, worsening of the balance of payments, etc.; moreover, the debt problem had continued to grow more serious for a large number of developing countries. In 1989 their total debt had stood at \$US 1.14 trillion, resulting in large net transfers of financial resources to the developed countries. In 1989 alone those had amounted to \$US 26 billion. At the same time, despite some limited progress in the Uruguay Round of negotiations, protectionism was rampant and hindered the development of trade in the developing countries. In addition, commodity prices remained unstable and depressed thereby defeating the efforts of the developing countries to diversify and revitalize their economies. Lastly, disarmament and the end of the cold war had not produced the expected results. The ODA of the developed countries remained below 0.7 per cent of GNP, with the exception of some, such as the Nordic ones.

41. However, the new climate of international co-operation should provide an opportunity to resolve those problems, narrow the gap between North and South and create a framework for security arrangements and truly equitable economic relations. To create such a framework, a new vision of international economic co-operation was needed. Its goals should be (a) to revive the world economy for the benefit of both the developed and the developing countries; (b) to promote world peace and stability through prosperity and co-operation and (c) to create an integrated global economy covering all regions so as to prevent the marginalisation of the third world.

42. To achieve those goals, the developed countries should open their markets, provide debt relief to poor countries, increase their development aid and facilitate transfers of technology. For their part, the developing countries needed to undertake the necessary structural reforms and provide the political stability and infrastructure required for investment. Such an approach would

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(Mr. Gopala Menon, Singapore)

create conditions that favoured the economic development of the world as a whole, not just one part of the world.

43. It should be borne in mind that assistance from the developed to the developing countries would benefit both. At the same time developing countries should not rely solely on the developed countries but should also help themselves. Accordingly, Singapore had been one of the first countries to applaud the efforts of the Group of 77 in favour of the developing countries and to ratify the agreement on the Generalized System of Trade Preferences among those countries.

44. The post-cold war era set new challenges for the international community, which was attempting to establish a new international order. That order was already being tested by the Gulf crisis and the resulting uncertainties. The threat to the environment posed another challenge. The United Nations Conference on Environment and Development, scheduled for 1992, should provide an opportunity for concerted action to promote environmentally sound and sustainable development.

45. As a small island State Singapore was dependent on an open, stable international economic system, and it would support all efforts to strengthen ties between North and South and among all groups of countries in general. The Second Committee had an important role to play in shaping an equitable new international order, since it was the only forum in which the major international economic issues were discussed in depth. It was imperative for the Committee to provide integrated and balanced solutions to all current economic problems. The time had come to create a global framework that would bring international economic détente to match the international political détente.

46. Mr. AL SALLAL (Kuwait) said that the rapprochement in 1989 between East and West had heralded the beginning of a new era of co-operation and development. Détente and disarmament would make it possible to devote resources to the fight against poverty, help developing countries and eliminate the imbalances between North and South. Convinced that the world had become safe, peaceful and prosperous, the international community had forgotten that the forces of evil had not laid down their arms. Those forces, for whom the concepts of co-operation and peace were meaningless, had chosen Kuwait as their target.

47. Kuwait was a peaceful country whose only battles had been against poverty and ignorance. The high standards that it had attained in education, health and social care were proof of the success of its domestic policy. Internationally, it had devoted enormous resources to helping Arab and other friendly third world countries, and had consistently shown great generosity.

48. That stability, prosperity and security had aroused the hatred of the neighbouring forces of evil. Following its invasion of Kuwait, Iraq had appropriated all of the country's public and private assets and bank deposits. It had helped itself to the State's gold reserves, had confiscated the Kuwait Airways fleet and, had engaged in widespread systematic pillaging of the country's ministries, universities, institutes and hospitals. The damage was incalculable.

(Mr. Al Sallal, Kuwait)

49. Yet Iraq had not managed to quench the hope of the Kuwaitis, who continued to believe in the forces of virtue and in friendly co-operation. In his speech of 27 September 1990, the Amir of Kuwait had announced a new initiative under the terms of which Kuwait would write off the interest on its loans to developing countries and would consult with the poorest nations concerning arrangements for repayment of the principal with a view to easing their debt burden.

50. He thanked the members of the Second Committee who had expressed their support and their willingness to work with his country to combat injustice and to lay the foundations of a future in which freedom would triumph.

51. Mr. BOECK (Austria) said that the secret to fighting poverty was development. The situation was particularly worrisome in the least developed countries. Their actual annual GNP growth rate had fallen far short of the target set in 1980 and was about 10 per cent less than the population growth rate. Having assumed responsibility for their own development, those countries had undertaken structural reforms and had attempted to mobilize their own resources. That in no way diminished the responsibility of their development partners. As Austria had pointed out at the recent United Nations Conference on the Least Developed Countries, while nothing could replace domestic efforts, external resources, in particular official development assistance (ODA), were of crucial importance in overcoming the problems specific to the least developed countries.

52. Austria was prepared to do its part and to strengthen its co-operation with the developing countries. Its current development programme targeted the development problems of the 1990s: poverty, social needs (nutrition, health and education), human resource development, institution building, entrepreneurship, agricultural and rural development, and investment in infrastructure.

53. Austria contributed development funds to United Nations organizations, international financial institutions and regional development banks. It had, for example, arranged a co-financing programme with the World Bank under which it committed 1 billion schillings for the countries of Sub-Saharan Africa. Another 1 billion schillings was earmarked for that programme. With structural adjustment programmes, it was of primary importance to avoid placing the main burden of such measures on the shoulders of the socially and economically weaker strata of society.

54. Austria welcomed the efforts of the Eastern and Central European countries to move towards pluralism and democracy. It fully supported that process and had already created certain instruments to support it, including an East-West fund of 5 billion schillings to assist investors who wished to make direct investments in Eastern Europe. At the same time, the Bretton Woods institutions had an important role to play. It therefore believed that the Ninth General Review of Quotas of the International Monetary Fund should be completed as soon as possible so that the new schedules could take effect.

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(Mr. Boeck, Austria)

55. Recent developments in the Middle East made adequate funding even more urgent. The adverse effects of the oil price increase heightened the vulnerability of the economies of Central and Eastern Europe and exacerbated the debt burden of the developing countries. Thus, it was necessary to find ways to ease that burden. Austria supported multilateral initiatives for debt-service reduction, especially for the poorest countries. That was why the Austrian Parliament would be asked to consider a bill to reduce or cancel official Austrian claims on certain countries of Sub-Saharan Africa.

56. Since Austria too was concerned about environmental degradation in the world, it welcomed the idea of a global environmental facility. Negotiations leading up to its establishment should be concluded in the near future, and, when the time came, Austria was ready to make an appropriate contribution to it.

57. Economic growth and development also depended on the expansion of world trade and the liberalization of the international system of trade. Austria was fully committed to the current Uruguay Round and felt that its outcome was likely to be positive. The unique opportunity it offered for bringing the world's trading partners closer together could not be missed. However, in order to seize that opportunity a contractual framework was needed, especially now that GATT was rapidly becoming universal in scope. Austria welcomed the efforts of the European Community to improve the legal status of GATT and to turn it into a full-fledged international trading organization.

58. The United Nations was playing an increasingly prominent role in the current global political climate and now needed only to assert itself at the economic level. That would mean maintaining the spirit of dialogue and co-operation which had characterized the seventh session of UNCTAD, the eighteenth special session of the General Assembly and the second United Nations Conference on the Least Developed Countries. The Second Committee in particular should take a pragmatic, creative approach to its activities, always working in a spirit of consensus.

59. Mr. MONTAÑO (Mexico) noted that the end of the cold war opened up new opportunities for more intensive international co-operation in the field of economics. If the détente process was to be as fruitful as it could be, it was essential for the industrialized countries to keep the commitments they had made in the Declaration on International Economic Co-operation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, adopted at the eighteenth special session of the General Assembly. Similarly, the International Development Strategy for the 1990s should also provide a framework for future activities and establish a climate of dialogue and concerted action among all the countries concerned.

60. Actually, all the developing countries were caught in the grip of serious economic problems, including external debt, outflows of resources to the benefit of the developed countries, deterioration of their terms of trade and difficulties in obtaining access to large markets and advance technology.

(Mr. Montaña, Mexico)

61. With regard to debt-related problems, he said that international initiatives recently taken in that connection represented a significant step forward since the need to reduce the volume of the debt and its servicing was now acknowledged. If practical results were to be obtained, however, the Governments of the creditor countries, banks and international financial institutions would have to recognize the division of responsibilities. The creditor countries should amend their financial regulations and the accounting rules of banks if the negotiations aimed at reducing the servicing of the external debt of the developing countries were to accomplish their purpose. At the same time, the industrialized countries would have to increase their contributions to international financial institutions considerably if the latter were to play the role assigned to them successfully. In negotiating the debt, consideration should be given to the development objectives of the debtor countries, their capacity to pay and the terms on which the debt had been contracted.

62. With regard to multilateral and bilateral financial flows, it was vital that they should be rechannelled in the direction of the developing countries in order to enable them to experience transformation and modernization. Technology had become a major factor of development, and international co-operation should aim to ensure that the countries of the South had access to the most recent scientific and technological discoveries.

63. Present economic developments in the Eastern European countries and their integration into the world economy called for the mobilization of additional resources. There was need to ensure that resources were not allocated to those countries to the cost of the countries of the South merely out of geopolitical considerations.

64. The Uruguay Round had revealed underlying difficulties in the various negotiating groups. The resurgence of protectionist practices hindered the establishment of an open and dependable system of trade. His Government had launched a tremendous free trade programme and trusted it would not be the only Government to do so. It challenged all participants in the Uruguay Round to try to ensure its success.

65. Another serious problem affecting the developing countries was that of poverty. His Government had assigned top priority to the elimination of that scourge. It had launched a national programme of solidarity for meeting the most pressing needs of the most underprivileged groups in the country, with particular attention paid to the predicament of children. For that reason it had participated in the World Summit for Children and had subscribed to the commitment made by the international community to take concrete action for the protection of children.

66. Turning to another issue, he said it was for the General Assembly, in accordance with resolution 44/207 on protection of global climate for present and future generations of mankind, to negotiate, with the full participation of the developing countries, the finalization of an international legal instrument on that subject. International co-operation was indispensable where the environment was

(Mr. Montaño, Mexico)

concerned, and the Intergovernmental Panel on Climate Change should be convened to consider that issue. Mexico attached great importance to environmental problems and felt that the Conference on Environment and Development scheduled for 1992 should result in binding legal agreements.

67. He ended his statement by reminding the representatives that the absence of development and social progress could have a more negative impact on world stability than conflicts and warfare.

68. Mr. BHATIA (International Monetary Fund) said that five points should be taken into account in the debate on development. The first was that not only had the developing countries explicitly assumed responsibility for their development, they had also endorsed the macro-economic policy needed to achieve the sustained growth of their economies, providing for a non-inflationary fiscal and monetary policy, the free play of market forces, a fair and predictable tax system, realistic exchange rates and a more limited role for the public sector. The second point was that the community of donors had accepted its share of responsibility for the acceleration of growth, including provision for such elements as appropriate development assistance, domestic industrial policy and the struggle against inflation. The third point was the acknowledgement that external assistance was increasingly linked to domestic efforts and in particular to structural adjustment programmes. The fourth point was that if growth was to be sustainable, poverty, human relations and the environment should be taken into account and popular participation invited. The fifth and last point was that the world in general was short of savings while the requirements of the developing countries and the Eastern European countries exceeded total world savings. The countries concerned would therefore have to compete in order to attract the limited flow of savings.

69. That having been said, the improvement of East-West relations gave rise to a feeling of optimism, although the prospects opened up were clouded by the crisis in the Middle East. Since the requirements of development and military expenditure were financed out of surplus savings in the industrial countries, growth would be slower, pressures on prices more acute, international interest rates higher and the balance of payments of individual countries more precarious. That did not, however, imply the need to change the priorities on which the international community had agreed in recent years. Quite the contrary, in the view of the International Monetary Fund, they should be pursued more vigorously than ever.

70. At the recent IMF and World Bank meetings there had been a collective determination that, on the basis of certain reasonable hypotheses regarding oil prices, the situation was manageable within existing institutions and available instruments. But that determination was based on the further assumption that the mistakes of the 1970s would not be repeated. The current situation demanded a firm policy response: oil-price increases must be passed on fully to consumers, and the industrial countries must not ease their monetary policies prematurely to accommodate inflationary pressures, but must promote savings and support investment. A successful conclusion to the Uruguay Round was crucial, if the goals

(Mr. Bhatia)

envisaged in the declaration adopted at the eighteenth special session and in the International Development Strategy were to remain realizable. By opening their economies to the developing countries' products, industrial countries would be making up for the shortfall in the aid required by the developing countries.

71. The developing countries' goals had obviously not changed; the question was whether their policies had changed. In the past, economic strategies had had some common elements, which he recalled briefly. However, the Gulf crisis underscored an even greater need to raise domestic savings in the developing countries in order to offset the decline in resources emanating from emigrant workers' remittances. An export-oriented strategy could also compensate for the decline in foreign-exchange inflows and for the increased oil bill. Such a strategy would be the only logical response by developing countries to their legitimate demands regarding protectionism and access to the industrial countries' markets. By maintaining their competitiveness through appropriate financial, exchange and trade policies, the developing countries should be able to pursue the goal of sustainable growth. Perhaps a slight shift in emphasis towards export promotion, in its dual aspect of diversification and competitiveness, was called for.

72. It was, of course, important not to neglect the issue of debt, which was more a growth issue than a balance-of-payments issue. The recent IMF and World Bank meetings had been characterized by an exceptional number of constructive proposals and initiatives to alleviate the burden of official debt on low-income countries. It was necessary to support those initiatives, including the initiative to raise IMF quotas, and encourage developing countries to implement strong reform programmes.

73. He was confident that the General Assembly would reaffirm the goals and policy prescriptions underlying the declaration adopted at the eighteenth special session, the Programme for the Least Developed Countries and the International Development Strategy. He hoped that the General Assembly would do so with an added emphasis on domestic policies to raise savings, added pleas for a successful conclusion to the Uruguay Round, added support for the new initiatives on debt, and added encouragement to developing countries to pursue export-oriented policies and to industrial countries to provide the needed international environment for global prosperity.

74. Ms. TOMKINSON (Australia) said that many developing countries had been unable to meet the challenges confronting them and had fallen behind in the development process. In fact, the difficulties loomed as large as ever. Events in recent times had served as a reminder of the great impact that political developments could have on the international economy. Whereas the developments in Eastern Europe had presented opportunities for the international community, the events in the Persian Gulf were a sharp reminder of the continuing importance of oil as a source of energy, and of the vulnerability of the international economy.

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(Ms. Tomkinson, Australia)

75. One of the persistent problems remaining in the 1990s was that of debt. The level of international debt had grown to unprecedented proportions, with the result that a large percentage of the earnings of many developing countries was diverted from productive investment into servicing the foreign debt. At the same time, the low levels of domestic savings and the high budget deficits sustained by some of the major industrialized countries, especially the United States, prevented interest rates from falling. Current attempts to reduce fiscal imbalances in the United States were being followed very closely in Australia.

76. However, the responsibility for finding the means to address the debt problem rested with the whole international community. The largest international economic Powers had the largest influence over global economic conditions, and they needed to find more effective means of lowering international interest rates and providing a more stable international economic environment. At the same time, debtors needed to improve their national economic policies. Some developing countries, mostly in Asia, had maintained good debt-servicing records, but it would be wrong to conclude that they were at the same time able to fund satisfactory levels of national development. The Asian region still contained most of the world's poor people.

77. One of the major avenues for promoting growth in developing countries and overcoming the debt problem was the expansion of international trade opportunities. Protectionism distorted international trade patterns and denied producers the opportunity to trade competitively in world markets. In addition, domestic subsidization of uncompetitive domestic sectors, particularly agriculture, hindered structural change and perpetuated inefficiencies. Yet protectionism had taken on many forms, and it had been shown that the incidences of non-tariff measures had doubled over the past two decades, with the result that they now affected up to half of world trade. The World Bank has estimated that protectionism reduced developing countries' income by an amount as much as twice that of development assistance each year. Australia fully accepted its responsibility to contribute to the reform of the international trading system and to dismantle protectionist barriers. It urged others to do likewise.

78. The Uruguay Round contained a broad negotiating mandate that made progress possible in all areas, including those of particular interest to developing countries, such as agriculture, natural-resource-based products, tropical products and textiles. In recent times there had been liberalizing and restructuring trends in many countries in Central and Eastern Europe, in the Asia/Pacific region and in Latin America. A successful outcome to the Uruguay Round was critical to a continuation of that trend, and the Round's success should therefore be accorded the highest priority.

79. Many developing countries were still heavily reliant on commodity trade. International commodity agreements had, however, failed to contribute significantly to the stabilization of commodity markets. The recent experience of such markets suggested that the operations of commodity agreements must be consistent with market realities.

(Ms. Tomkinson, Australia)

80. Another major challenge to international economic development in the 1990s would be the preservation of the environment. Australia was firmly committed to the pursuit of environmentally sound development, and recognized that industrialized countries had special obligations to examine appropriate means of providing developing countries with financial and technological assistance to enable them to share in that pursuit.

81. But there were other obstacles that only developing countries themselves could properly address. One of the most significant among them was population pressure. Ensuring that people in developing countries had the opportunity to plan the size of their families was an essential ingredient in the development process. The statistics on population projections were frightening. Countries that failed to come to terms with the implications of those projections could hold little hope for their economic futures. Economic reform and restructuring were also matters that could be addressed only at the national level. Measures to reduce deficits and improve creditworthiness, the encouragement of entrepreneurship, the opening of economies to market forces, human resources development, a reduction in unproductive expenditure, including military budgets - those were all facets of development in the 1990s. The preservation of human rights was also a vital aspect of creating the necessary environment for creativity and individual enterprise essential to economic development.

The meeting rose at 1.10 p.m.